January 25, 2024

RESULT REPORT Q3 FY24 | Sector: Energy

Hindustan Petroleum Ltd

Performance below expectations on weaker marketing margins

Our View

Hindustan Petroleum's quarterly performance showcases surprise weaker marketing performance, while GRMs and inventory gains was inline to our estimates. With EBITDA at Rs21.6bn and PAT at Rs5.3bn, the company demonstrated the challenges it faced in marketing of HSD and other key products where gross margins were impacted. Reported EBITDA and PAT is lower than our estimates but closer to the consensus expectations. The reported GRM of USD8.5/bbl and Rs2.9/ltr of blended gross marketing margins, while the core integrated margins stood weaker at USD2.6/bbl. We maintain BUY rating with an unchanged target price of Rs574 valuing it on SOTP (core business at 6.5x EV/EBITDA and investments at Rs83).

Result Highlights

- **EBITDA/PAT** at Rs 21.6/5.3bn is up 29.4%/207% YoY but down 73.7%/89.7% QoQ. This marginally lower than consensus and much lower than our estimates on a fall in integrated margins with a sharp decline in marketing margins for key product HSD and others. The **reported GRM** of USD8.5/bbl is marginally lower than ours USD 8.8/bbl (USD13.3 the previous quarter, USD9.1 a year ago). We assume **core GRM** at USD10.7/bbl, (USD10.8 the prior quarter, USD11.4 a year ago), a USD5.3/bbl premium to the benchmark USD5.4. We calculate **refining inventory loss** at USD2.2/bbl (a gain of USD2.6 the prior quarter, a loss of USD2.3/bbl a year ago). **Refinery throughput** was 5.3mmt at 95% utilization (111% the previous quarter, 108% a year ago).

- **Integrated core EBITDA margin of** USD2.6/bbl (USD6.2 the prior quarter, negative USD3.9 a year ago).

- **Core marketing EBITDA** was negative Rs0.3/ltr (positive Rs2.4 the prior quarter, negative Rs0.1 a year back). **Domestic marketing throughput** was 11.4mmt, up 3.7% YoY and 12.7% QoQ (vs. the industry's growth of 2% YoY and 5.5% QoQ). Motor spirit sales were 2.28mmt (up 3.2% YoY and 2.2% QoQ), and diesel 5.1mmt, up 0.4% YoY and 17.2% QoQ. Industry motor spirit and diesel sales were up 4.7%/1% YoY and 1.4%/13.5% QoQ. **Product market shares.** Hindustan Petroleum gained high-speed diesel and motor spirits market shares to 22.4% (sharp gain sequentially from 21.7%) and 24.6% respectively.

- **Capex** as per PPAC was Rs28.4bn (Rs95.1bn in 9MFY24); and FY24 target of Rs140bn. **Debt of** Rs500bn was down Rs17.6bn QoQ and down Rs142.5bn YoY on improved cashflows in the last 3-quarters.

- **9MFY24 performance:** EBITDA at Rs 200.4bn (vs a loss of Rs 123.2bn previous period last year) while PAT at Rs 118.5bn (vs loss of Rs 122bn previous period last year) and the reported GRM at USD9.8/bbl (vs USD11.5). The core integrated margins at USD6.1/bbl vs negative USD4.3/bbl the previous period last year while the marketing EBITDA/ltr (Rs) was at 2.6 vs negative 5.3 last year same period.

Valuation

HPCL has a Rs17.3bn/Rs17.2bn sensitivity to a change of Rs0.5/ltr and USD1/bbl, respectively. An expectation of higher dividend in FY24 (11.2% yield), 6.5%/6.0% FY25e/26e would be key for the shareholders, compensating of lower dividend of FY23. The BV/share for FY25e/26e is at Rs 289/323 and the net debt: equity is highest amongst the OMCs for HPCL at 1.4/1.2/1.0x for FY24e/25e/26e.

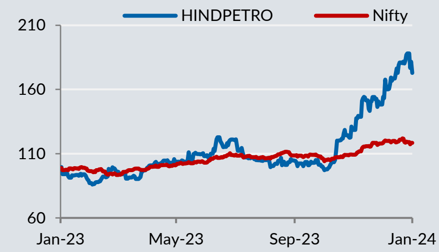
At CMP, the stock trades at 6.6x/7.1x FY25e/26e EV/EBITDA and 1.5x/1.3x P/BV (excl. investments, it trades at 5.3x/5.8x FY25e/26e EV/EBITDA and 1.2x/1.1x P/BV).We maintain BUY rating with a target price of Rs574 valuing it on a sum-of-parts basis (core business at 6.5x EV/EBITDA and investments at Rs83).

Reco	:	**BUY**
CMP	:	Rs 430
Target Price	:	Rs 574
Potential Return	:	+33%

Stock data (as on Jan 25, 2024)

Nifty	21,454
52 Week h/l (Rs)	469 / 212
Market cap (Rs/USD mn)	641964 / 7722
Outstanding Shares (mn)	1,419
6m Avg t/o (Rs mn):	1,954
Div yield (%):	-
Bloomberg code:	HPCL IN EQUITY
NSE code:	HINDPETRO

Stock performance



	1M	3M	1Y
Absolute return	16.6%	75.0%	73.6%

Shareholding pattern (As of Dec '23 end)

Promoter	54.9%
FII+DII	35.9%
Others	9.2%

Δ in stance

(1-Yr)	New	Old
Rating	BUY	BUY
Target Price	574	574

Δ in estimates

(1-Yr)	FY24e	FY25e	FY26e
EPS (New)	104.4	65.1	60.3
EPS (Old)	125.8	63.4	58.9
% Change	(17.0)	2.6	2.4

Financial Summary

(Rs bn)	FY24E	FY25E	FY26E
Revenue	3,844.2	3,645.3	3,467.9
YoY Growth	(12.7)	(5.2)	(4.9)
EBIDTA	261.4	197.8	199.3
OPM %	6.8	5.4	5.7
PAT	148.1	92.3	85.6
YoY Growth	(265.0)	(37.7)	(7.3)
ROE	41.5	22.5	18.7
EPS	104.4	65.1	60.3
P/E	4.1	6.6	7.1
BV	251.8	288.8	323.2
EV/EBITDA	3.9	5.4	5.5

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Exhibit 1: Actual vs estimate

Rs mn	Actual	Estimate		% Variation		Remarks
		YES Sec	Consensus	YES Sec	Consensus	
Sales	1,108,492	1,091,271	992,176	1.58%	11.72%	Performance below expectations on weaker marketing margins
EBITDA	21,636	51,015	31,254	-57.59%	-30.78%	
EBITDA Margin (%)	1.95%	4.67%	3.15%	-272bps	-120bps	
Adjusted PAT	5,290	27,090	15,158	-80.47%	-65.10%	

Exhibit 2: Earnings snapshot

Particulars (Rs mn)	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	y/y (%)	q/q (%)	9M FY23	9M FY24	y/y (%)
Revenue	1,096,032	1,079,278	1,119,606	957,011	1,113,063	1.6	16.3	3,324,752	3,189,680	(4.1)
Expenditure	1,079,315	1,031,293	1,023,058	874,842	1,091,428	1.1	24.8	3,447,959	2,989,328	(13.3)
-Raw Material	1,031,258	979,939	968,798	827,314	1,037,357	0.6	25.4	3,290,249	2,833,469	(13.9)
-Staff Cost	7,163	8,010	8,576	8,342	8,413	17.4	0.9	21,618	25,330	17.2
- Other Expenses	40,894	43,344	45,684	39,186	45,658	11.6	16.5	136,093	130,528	(4.1)
Operating Profit	16,716	47,986	96,548	82,169	21,636	29.4	(73.7)	(123,208)	200,353	(262.6)
OPM(%)	1.5	4.4	8.6	8.6	1.9	42 bps	-664 bps	(3.7)	6.3	999 bps
Other Income	2,889	11,600	6,277	3,445	5,564	92.6	61.5	9,091	15,285	68.1
Depreciation	11,105	10,442	13,637	12,395	13,378	20.5	7.9	32,858	39,410	19.9
Interest	6,817	5,226	5,881	5,795	6,141	(9.9)	6.0	16,093	17,817	10.7
Excpnl Loss/(Profit)	-	-	-	-	-	n.a.	n.a.	-	-	n.a.
PBT	1,684	43,918	83,306	67,424	7,681	356.0	(88.6)	(163,068)	158,411	(197.1)
Tax	(40)	11,692	21,267	16,242	2,390	(6,090.7)	(85.3)	(41,101)	39,900	(197.1)
PAT	1,724	32,226	62,039	51,182	5,290	206.8	(89.7)	(121,967)	118,511	(197.2)
Adj PAT	1,724	32,226	62,039	51,182	5,290	206.8	(89.7)	(121,967)	118,511	(197.2)

Exhibit 3: Operating highlights

Particulars	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	y/y (%)	q/q (%)	9M FY23	9M FY24	y/y (%)
Throughput (mmt)	15.8	15.9	16.8	15.8	16.7					
Refinery	4.8	5.0	5.4	5.8	5.3	10.6	(7.1)	14.1	16.5	16.7
Marketing (domestic)	11.0	10.9	11.4	10.1	11.4	3.7	12.7	31.3	32.9	5.1
Pipeline	5.8	6.1	6.5	6.1	6.7	14.9	9.5	17.1	19.3	12.9
Margins (USD/bbl)										
Reported GRMs	9.1	14.0	7.4	13.3	8.5	(7.1)	(36.3)	11.5	9.8	(14.3)
Inventory gain/loss	(2.3)	(1.5)	(0.2)	2.6	(2.2)	(2.6)	(187.8)	0.2	0.1	(58.6)
Core GRM	11.4	15.5	7.6	10.8	10.7	(6.2)	(0.5)	11.2	9.7	(13.4)
S'Pore GRMs	6.3	8.2	4.1	9.6	5.4	(13.5)	(43.2)	11.7	6.4	(45.3)
Marketing EBITDA (Rs/ltr)	(0.1)	1.7	5.7	2.4	(0.3)	159.1	(112.8)	(5.3)	2.6	(149.4)
EBITDA Integrated margin (USD/bbl)	3.0	6.7	9.4	6.2	2.6	(12.9)	(58.0)	(4.3)	6.1	(242.2)
Inventory gain/loss (Rs mn)										
Refining	(6,850)	(4,589)	(666)	9,090	(7,469)	9.0	(182.2)	1,405	955	(32.0)
Marketing	(2,059)	(15,220)	(4,137)	12,070	713	(134.6)	(94.1)	6,005	8,645	44.0
Rs mn										
Gross Debt	642,450	645,170	516,980	517,580	499,990	(22.2)	(3.4)	642,450	499,990	(22.2)
Forex gain/losses	(4,030)	1,430	1,310	(2,320)	360	(108.9)	(115.5)	(19,510)	(650)	(96.7)
Core EBITDA (Rs mn)	29,656	66,364	100,041	63,329	28,032	(5.5)	(55.7)	(111,107)	191,402	(272.3)

Hindustan Petroleum Ltd

Particulars	Q3 FY23	Q4 FY23	Q1 FY24	Q2 FY24	Q3 FY24	y/y (%)	q/q (%)	9M FY23	9M FY24	y/y (%)
Marketing market share (%)										
HSD	22.5	22.4	22.8	21.7	22.4	(0.6)	3.3	22.4	22.3	(0.6)
MS	25.0	24.9	25.0	24.4	24.6	(1.5)	0.9	24.8	24.7	(0.5)

*YES Sec estimates

Key result highlights:

- **EBITDA/PAT** at Rs 21.6/5.3bn is up 29.4%/207% YoY but down 73.7%/89.7% QoQ. This marginally lower than consensus and much lower than our estimates on a fall in integrated margins with a sharp decline in marketing margins for key product HSD and others.
- The **reported GRM** of USD8.5/bbl is marginally lower than ours USD 8.8/bbl (USD13.3 the previous quarter, USD9.1 a year ago), while the Arab heavy-light difference was USD2.1/bbl (same the quarter prior).
- We assume **core GRM** at USD10.7/bbl, (USD10.8 the prior quarter, USD11.4 a year ago), a USD5.3/bbl premium to the benchmark USD5.4. It had the lowest discounted Russian crude sourcing amongst the PSUs sourced only at Vizag. We calculate **refining inventory loss** at USD2.2/bbl (a gain of USD2.6 the prior quarter, a loss of USD2.3/bbl a year ago).
- **Refinery throughput** was 5.3mmt at 95% utilization (111% the previous quarter, 108% a year ago).
- **Integrated core EBITDA margin of** USD2.6/bbl (USD6.2 the prior quarter, negative USD3.9 a year ago).
- **Core marketing EBITDA (back-calculated)** was negative Rs0.3/ltr (positive Rs2.4 the prior quarter, negative Rs0.1 a year back).
- **Domestic marketing throughput** was 11.4mmt, up 3.7% YoY and 12.7% QoQ (vs. the industry's growth of 2% YoY and 5.5% QoQ). Motor spirit sales were 2.28mmt (up 3.2% YoY and 2.2% QoQ), and diesel 5.1mmt, up 0.4% YoY and 17.2% QoQ. Industry motor spirit and diesel sales were up 4.7%/1% YoY and 1.4%/13.5% QoQ.
- **Product market shares.** Hindustan Petroleum gained high-speed diesel and motor spirits market shares to 22.4% (sharp gain sequentially from 21.7%) and 24.6% respectively. Given marketing margins for diesel and petrol are strong, expect OMCs to lose market share to private operators.
- The marginal Rs360mn, **forex gained added** to the quarterly profitability.
- **Capex** as per PPAC was Rs28.4bn (Rs95.1bn in 9MFY24); and FY24 target of Rs140bn.
- **Debt of** Rs500bn was down Rs17.6bn QoQ and down Rs142.5bn YoY on improved cashflows in the last 3-quarters.
- **9MFY24 performance:** EBITDA at Rs 200.4bn (vs a loss of Rs 123.2bn previous period last year) while PAT at Rs 118.5bn (vs loss of Rs 122bn previous period last year) and the reported GRM at USD9.8/bbl (vs USD11.5). The core integrated margins were at USD6.1/bbl vs negative USD4.3/bbl the previous period last year while the marketing EBITDA/ltr (Rs) was at 2.6 vs negative 5.3 last year same period.

Exhibit 4: GRMs

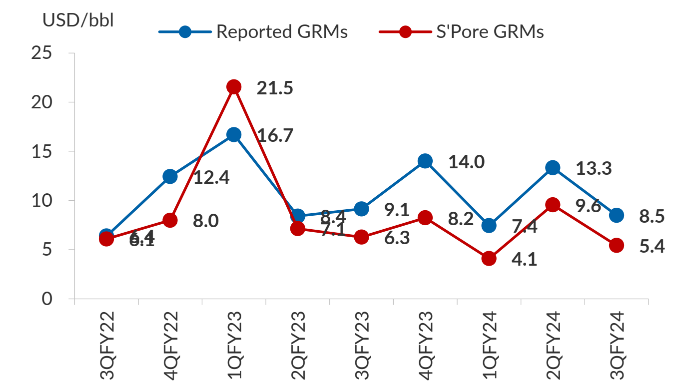
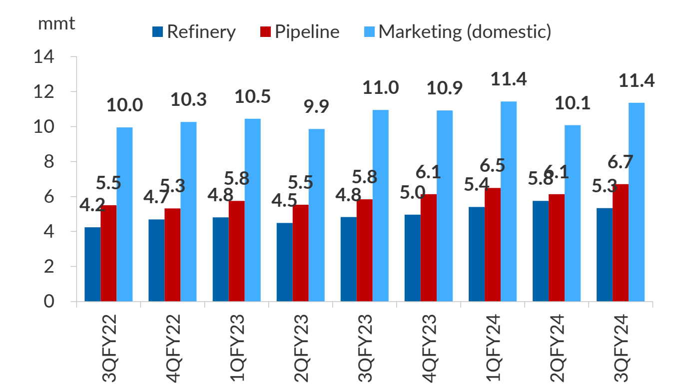


Exhibit 5: Throughput



Source: Company, YES Sec

Exhibit 6: Refining Opex

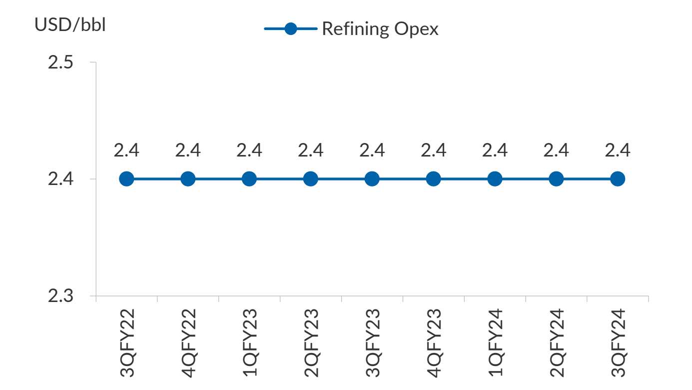
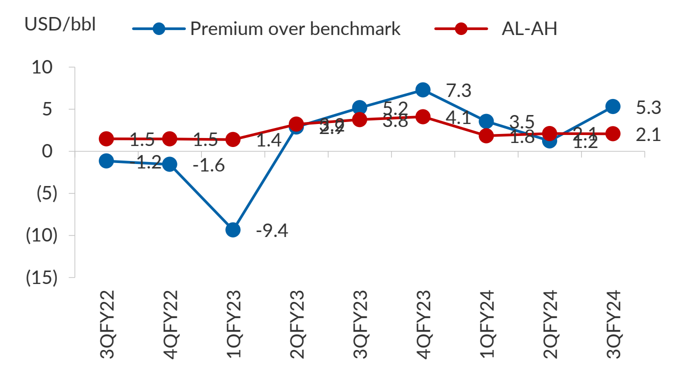


Exhibit 7: Premium and AL-AH difference



Source: Company, YES Sec

Exhibit 8: Core marketing EBITDA

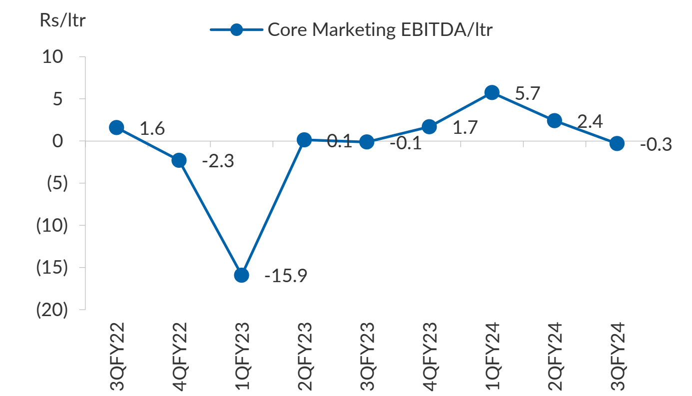
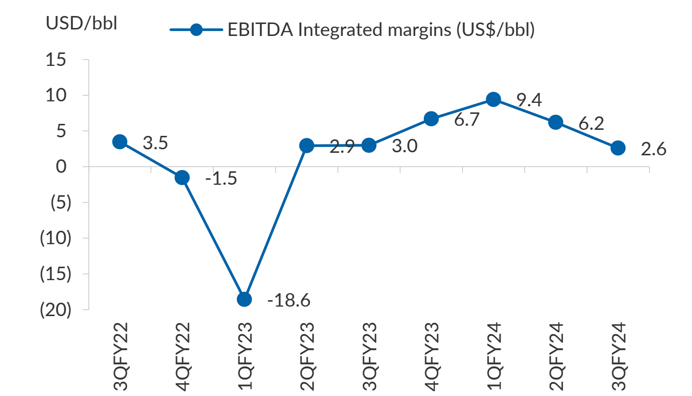


Exhibit 9: Integrated EBITDA margins



Source: Company, YES Sec

Exhibit 10: Inventory gain / loss

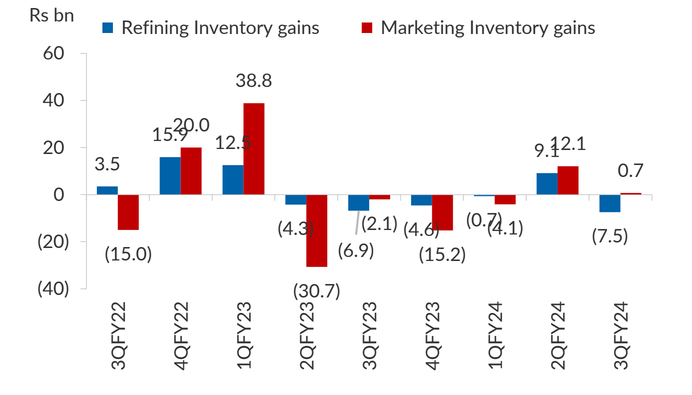
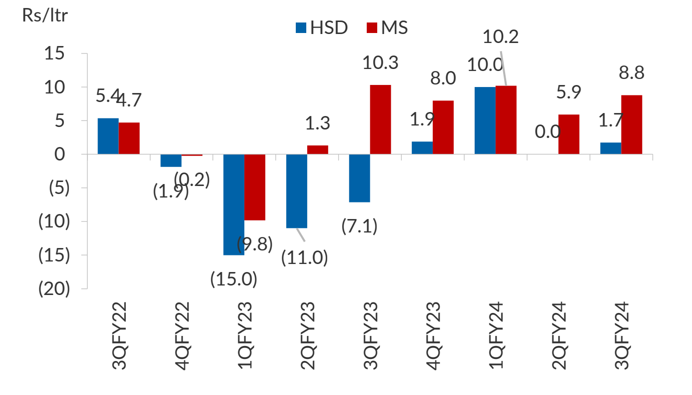


Exhibit 11: Auto fuel – gross marketing margins



Source: Company, YES Sec

Exhibit 12: Auto fuel – market share

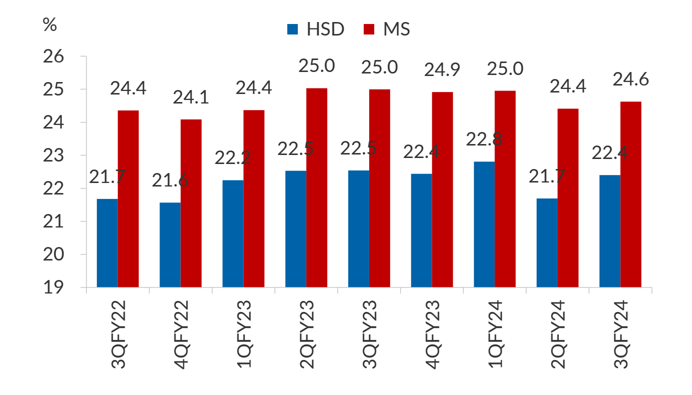
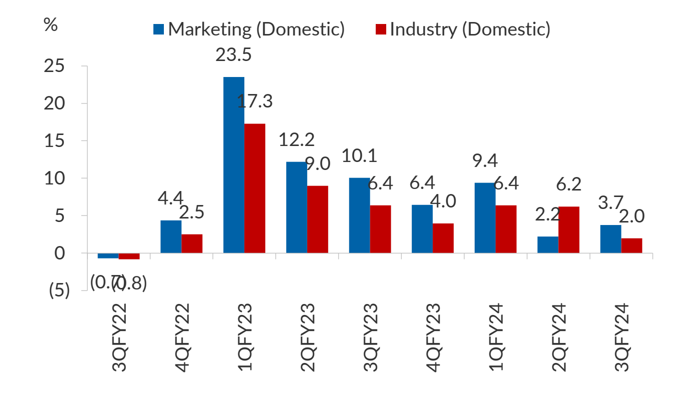


Exhibit 13: Marketing volume growth, YoY



Source: Company, YES Sec

Exhibit 14: HSD volume growth, YoY

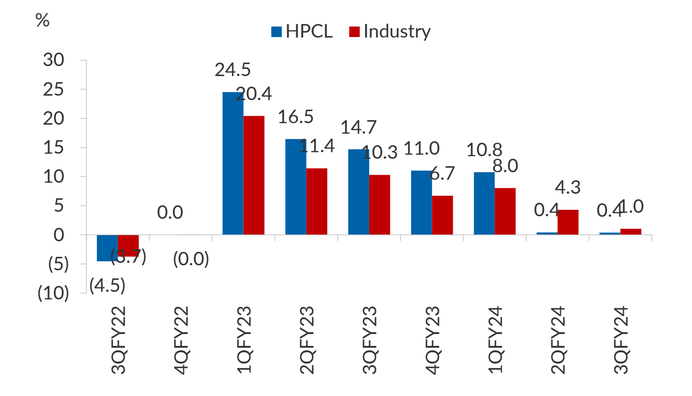
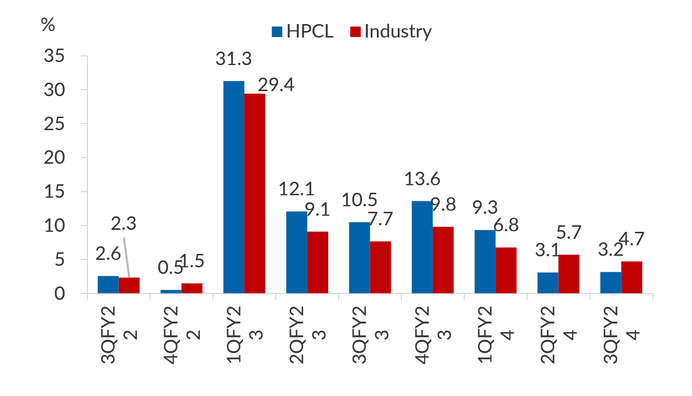


Exhibit 15: MS volume growth, YoY



Source: Company, YES Sec

Exhibit 16: Capex

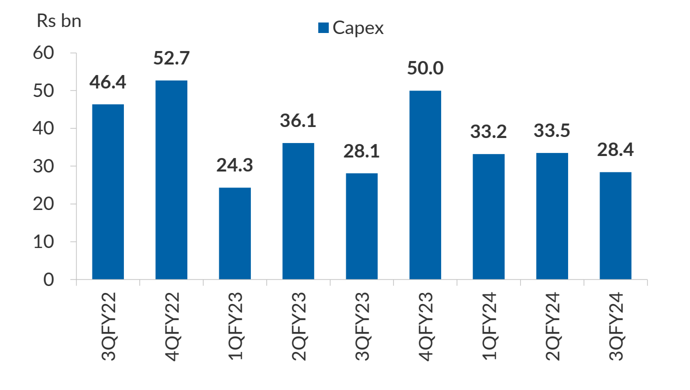
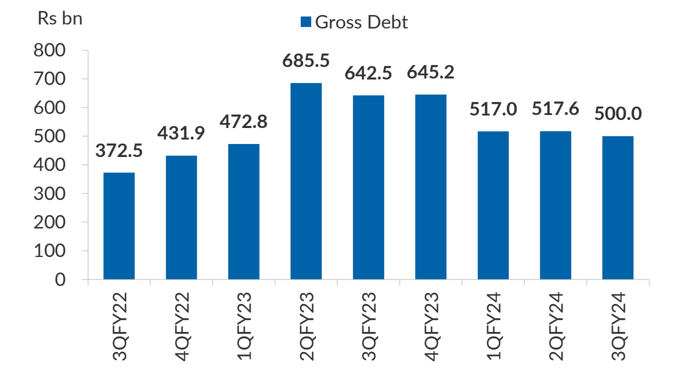


Exhibit 17: – Gross debt



Source: Company, YES Sec

CONCALL HIGHLIGHTS

- **Margins impacted on sale of HSD:** Q3FY24 diesel margins were weaker. Inventory losses in refining, particularly in HSD, due to the fall in crude prices (USD87 in June to USD79.21 in January). Suppressed margin in HSD but relatively better performance in other products. Realization prices for HSD in various months: Aug USD86.22, Oct USD94, Dec USD91, Jan USD79.21.
- **Rajasthan Refinery**: The committed capex is of Rs 680bn, till date has incurred ~Rs400bn. Commissioned units in Rajasthan refinery, reaching 75% physical completion. Mechanical completion expected by mid-2024, with refining products anticipated to be fully operational by the end of FY25. Petrochemical production expected in FY26, planned with a 2.4mtpa capacity at Rajasthan refinery out of 9mtpa (~26%), marking the highest in any plant. Rajasthan refinery's units commissioned with completion level at around 90-95%. Refining products expected to start around Dec'24 (MS, HSD, and LPG). Opex for Rajasthan refinery expected to be around USD2-3/bbl.
- **Vizag Refinery:** Upgradation initiatives, including bottom-up upgradation, CDU-IV expansion, and hydrocracker operations. CDU-IV stabilized, and hydrocracker nearing stabilization, with construction and erection processes to be completed in next 6-8 weeks. Mechanical process to start soon, improving distillation yield by more than 10%, full potential by Q3FY25. Vizag gets Russian crude on a DAP basis (delivered at port basis) with satisfactory discounts (30-35% imported crude from Russia). Vizag refinery experiencing fluctuations due to a high product cycle, resulting in inventory losses.
- **Volumes in FY25:** The company expects a refining throughput of 22mtpa and marketing throughput of 44mtpa in FY25.
- **Crude procurement issue:** Currently there is no disruption in crude procurement from the red sea, the issues is more for non-crude vessels. The company has tied up its term and spot crude upto mid-Apr'24. There is an increase in freight cost which might impact prices but no issue on supply side. About 0.5mmt of crude is procured domestically from ONGC, 45% is term and rest are opportunity crude. This ONGC crude goes to Mumbai refinery while Vizag imports Russian crude to the extent of 30% of their import requirements.
- **HMEL:** HMEL achieved 100% utilization in Jan'2024. Petchem operations reported losses upto Dec'23, with an expectation to break-even in Q4FY24. In Q3FY24, HMEL processed 3.39mmt crude, cumulatively reaching 9.29mmt in 9MFY24. Reported GRM of USD 17/bbl in 9MFY24 and USD 14/bbl for Q3FY24.
- **Upcoming capex:** For FY24, HPCL's total capex is Rs 140bn, with Rs 103.5bn incurred in Q3. Anticipated capex for FY25 is expected to be in the range of Rs140-150bn. Rajasthan refinery's total capex is Rs 68bn of with Rs 40bn already incurred. The green energy subsidiary plans a capex of Rs25-30bn for FY25, focusing on biofuels, solar, and hybrid

capacity, targeting Rs 200-300 bn capex over the next 5 years. CGD (City Gas Distribution) reported positive EBITDA and HPCL is investing Rs25-30bn annually.

- **Lubes business:** –Currently its selling 650tmt lube products in a year. It is increasing the marketing reach through JV, new geographies and volumes being added. The company has onboarded international consultant to advise on unlocking of the value, expect an outcome in 8-10weeks. The EBITDA from this business is Rs10bn per year.
- **Refining Inventory loss** was at Rs 7.5bn (USD2.2/bbl). There was minimal adventitious/marketing losses.
- **Petchem:** Forayed into petrochemical marketing under its own brand name. Post Rajasthan refinery upgradation HPCL will have substantial presence in the space. Petrochemical production expected in FY26. Expansions planned with 2.4mtpa of Rajasthan refinery dedicated to petrochemicals out of 9mtpa (26%), marking the highest in any plant.
- **Chhara LNG Terminal**: Owned through HPCL LNG ltd (HPLNG). To run on a tolling model, already in market to book its capacity. HPCL already in the line of business and would be booking some quantity and it would be marketed through HPCL. Chhara LNG, mechanically completed, breakwater in full swing, commissioning cargo in stages. Chhara to Gundala pipeline near completion and is expected to be completed in next 4-5weeks. In terms of long-term gas procurement, HPCL has received 30+ players interest in the same.

VIEW & VALUATION

BUY with a TP of Rs 574/share.

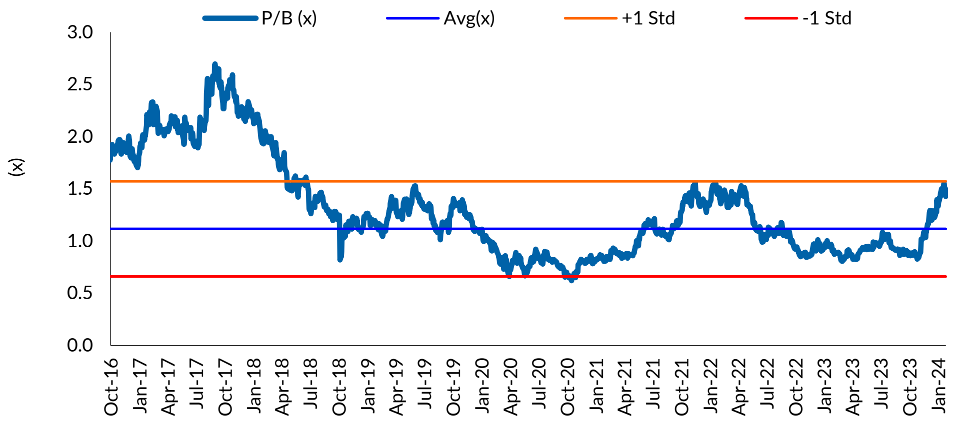
HPCL has a Rs17.3bn/Rs17.2bn sensitivity to a change of Rs0.5/ltr and USD1/bbl, respectively. An expectation of higher dividend in FY24 (11.2% yield), 6.5%/6.0% FY25e/26e would be key for the shareholders, compensating of lower dividend of FY23. The BV/share for FY25e/26e is at Rs 289/323 and the net debt: equity is highest amongst the OMCs for HPCL at 1.4/1.2/1.0x for FY24e/25e/26e.

At CMP, the stock trades at 6.6x/7.1x FY25e/26e EV/EBITDA and 1.5x/1.3x P/BV (excl. investments, it trades at 5.3x/5.8x FY25e/26e EV/EBITDA and 1.2x/1.1x P/BV).We initiate coverage on it, with a BUY rating and a target price of Rs574 valuing it on a sum-of-parts basis (core business at 6.5x EV/EBITDA and investments at Rs83).

Exhibit 18: SOTP Valuation table

	FY26E EBITDA	EV/EBITDA	Fair Value	Fair Value
EV/EBITDA method	**(Rs mm)**	**(x)**	**(Rs mm)**	**(Rs/share)**
Standalone	**199,300**	**6.5 x**	**1,295,448**	**854**
Refining	75,880	6.5 x	493,221	348
Marketing	110,518	6.5 x	718,366	506
Pipeline	12,902	6.5 x	83,862	59
Cash & Current Investments			58,986	42
Gross Debt			657,322	463
Standalone Equity Value (Using EV/EBITDA)			**697,112**	**491**
Listed Investments	**Full Value**	**Holdco discount**	**Fair Value**	**Fair Value**
	(Rs mm)	**(%)**	**(Rs mm)**	**(Rs/share)**
MRPL (Refining segment)	51,705	30%	36,193	26
Oil India (Upstream segment)	10,780	30%	7,546	5
Listed Investments Equity Value			**43,740**	**31**
Unlisted Investments	**FY25E EBITDA**	**EV/EBITDA**	**Fair Value**	**Fair Value**
	(Rs mm)	**(x)**	**(Rs mm)**	**(Rs/share)**
HMEL (Bhatinda refinery)	24,876	6.5 x	161,695	114
HMEL (Bhatinda refinery) - Debt			88,200	62
Unlisted Investments Equity Value			**73,495**	**52**
Equity Value			**814,347**	**574**

Exhibit 19: P/BV (x) band, one-year-forward



FINANCIALS

Exhibit 20: Income statement

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Revenue	3,496,829	4,404,030	3,844,201	3,645,311	3,467,924
Total Expense	3,395,071	4,479,252	3,582,757	3,447,493	3,268,624
Operating Profit	101,759	(75,222)	261,443	197,817	199,300
Other Income	29,697	20,691	21,105	21,527	21,958
Depreciation	39,691	43,300	58,812	70,420	81,911
EBIT	91,764	(97,831)	223,736	148,924	139,347
Interest	9,727	21,319	25,834	25,555	25,012
Extraordinary Item	-	-	-	-	-
PBT	82,037	(119,149)	197,902	123,369	114,334
Tax	18,211	(29,409)	49,812	31,052	28,778
PAT	63,826	(89,740)	148,090	92,317	85,556
Adj. PAT	63,826	(89,740)	148,090	92,317	85,556
Eps	45.0	(63.3)	104.4	65.1	60.3

Exhibit 21: Balance sheet

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Equity capital	14,189	14,189	14,189	14,189	14,189
Reserves	372,581	262,945	342,945	395,542	444,216
Net worth	386,770	277,134	357,134	409,732	458,406
Debt	469,404	680,054	670,054	670,054	647,054
Deferred tax liab (net)	59,783	30,110	30,110	30,110	30,110
Capital Employed	915,957	987,298	1,057,298	1,109,896	1,135,570
Fixed assets	838,996	903,414	954,252	998,832	1,030,921
Investments	125,722	160,418	160,418	160,418	160,418
Net working capital	(48,761)	(76,534)	(57,372)	(49,354)	(55,769)
Inventories	353,456	293,440	305,486	283,956	267,850
Sundry debtors	63,318	68,172	73,724	69,910	66,508
Cash & Bank Balance	1,310	5,386	9,503	6,889	7,297
Other current assets	118,809	114,021	114,021	114,021	114,021
Sundry creditors	264,479	228,524	175,886	168,599	159,036
Other liabilities	321,175	329,028	384,221	355,531	352,410
Application of Funds	915,957	987,298	1,057,298	1,109,896	1,135,569

Exhibit 22: Cash flow statement

Y/e 31 Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
PBT	82,037	(119,149)	197,902	123,369	114,334
Depreciation & amortization	39,691	43,300	58,812	70,420	81,911
Interest expense	6,018	17,657	25,834	25,555	25,012
(Inc)/Dec in working capital	52,176	13,860	(15,044)	(10,633)	6,824
Tax paid	(14,511)	(1,598)	(49,812)	(31,052)	(28,778)
Less: Interest/Dividend Income Received	(5,326)	(6,547)			
Other operating Cash Flow	(1,189)	18,882			
Cash flow from operating activities	158,898	(33,595)	217,693	177,660	199,303
Capital expenditure	(107,642)	(87,228)	(109,650)	(115,000)	(114,000)
Inc/(Dec) in investments	(40)	(3)	-	-	-
Add: Interest/Dividend Income Received	9,040	10,206	-	-	-
Cash flow from investing activities	(98,642)	(77,025)	(109,650)	(115,000)	(114,000)
Inc/(Dec) in share capital	121,483	285,349	-	-	-
Inc/(Dec) in debt	(93,333)	(79,616)	(10,000)	-	(23,000)
Dividend Paid	(32,229)	(19,857)	(68,090)	(39,719)	(36,882)
Others	(27,116)	(31,101)	(25,834)	(25,555)	(25,012)
Cash flow from financing activities	(31,194)	154,774	(103,925)	(65,275)	(84,895)
Net cash flow	29,060.9	44,154.6	4,118	(2,614)	409

Exhibit 23: Du-pont analysis

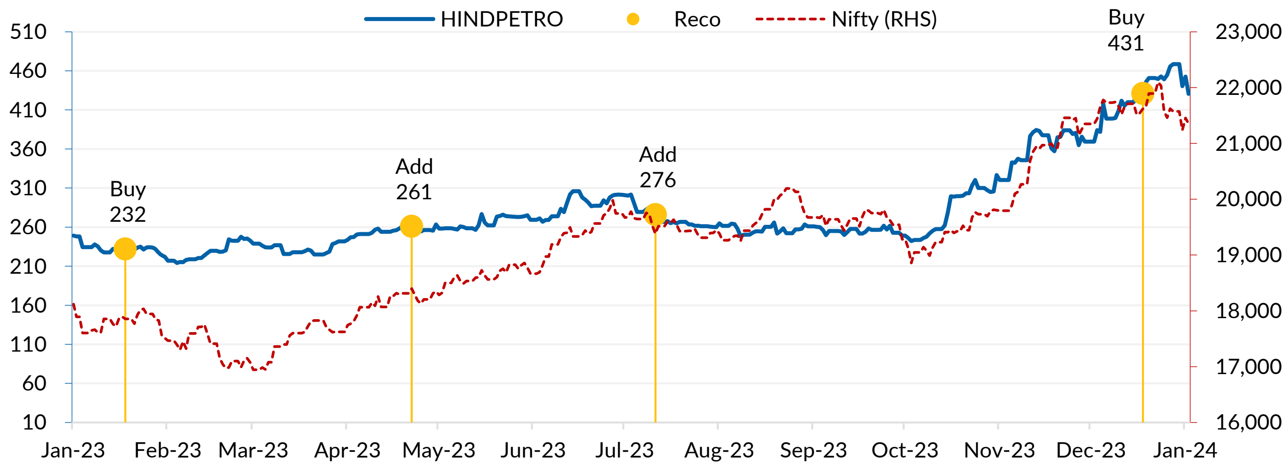
Y/e 31 Mar (Rs mn)	FY22	FY23	FY24E	FY25E	FY26E
Tax burden (x)	0.8	0.8	0.7	0.7	0.7
Interest burden (x)	0.9	1.2	0.9	0.8	0.8
EBIT margin (x)	0.0	(0.0)	0.1	0.0	0.0
Asset turnover (x)	2.5	2.9	2.4	2.2	2.1
Financial leverage (x)	3.8	4.6	5.0	4.2	3.8
RoE (%)	17.1	(27.0)	46.7	24.1	19.7

Exhibit 24: Ratio analysis

Y/e 31 Mar	FY22	FY23	FY24E	FY25E	FY26E
Growth matrix (%)					
Revenue growth	50.1	25.9	(12.7)	(5.2)	(4.9)
Op profit growth	(36.1)	(173.9)	(447.6)	(24.3)	0.7
EBIT growth	(39.5)	(206.6)	(328.7)	(33.4)	(6.4)
Net profit growth	(40.1)	(240.6)	(265.0)	(37.7)	(7.3)
Profitability ratios (%)					
OPM	2.9	(1.7)	6.8	5.4	5.7
EBIT margin	2.6	(2.2)	5.8	4.1	4.0
Net profit margin	1.8	(2.0)	3.9	2.5	2.5
RoCE	10.0	(9.9)	21.2	13.4	12.3
RoE	16.5	(32.4)	41.5	22.5	18.7
RoA	4.5	(5.9)	9.4	5.7	5.2
Per share ratios					
EPS	45.0	(63.3)	104.4	65.1	60.3
Dividend per share	12.0	-	48.0	28.0	26.0
Cash EPS	73.0	(32.7)	145.9	114.7	118.1
Book value per share	272.7	195.4	251.8	288.8	323.2
Valuation ratios					
P/E	6.0	(3.7)	6.6	7.1	6.6
P/CEPS	3.7	(7.2)	3.7	3.6	3.7
P/B	1.0	1.2	1.5	1.3	1.5
EV/EBIDTA	8.4	(12.7)	5.4	5.5	5.4
Payout (%)					
Dividend payout	26.7	-	46.0	43.0	43.1
Tax payout	22.2	24.7	25.2	25.2	25.2
Liquidity ratios					
Debtor days	6.6	5.6	7.0	7.0	7.0
Inventory days	34.4	26.4	30.5	31.2	30.8
Creditor days	23.1	20.1	20.6	18.2	18.3

Hindustan Petroleum Ltd

Recommendation Tracker



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